

MAYOR & COUNCIL AGENDA COVER SHEET

MEETING DATE:

August 20, 2007

CALL TO PODIUM:

Frederick J. Felton
Assistant City Manager

RESPONSIBLE STAFF:

Frederick J. Felton
Assistant City Manager

Monica Sanchez
Administrative Assistant III

AGENDA ITEM:

(please check one)

	Presentation
	Proclamation/Certificate
	Appointment
	Public Hearing
	Historic District
	Consent Item
	Ordinance
	Resolution
X	Policy Discussion
	Work Session Discussion Item
	Other:

PUBLIC HEARING HISTORY:

(Please complete this section if agenda item is a public hearing)

Introduced	06-18-07
Advertised	06-27-07
Hearing Date	07-23-07
Record Held Open	08-15-07
Policy Discussion	08-20-07

TITLE:

Resolution of the Mayor and City Council to Amend Section 5 and Section 16 of the City Charter to Increase the Salary of the Mayor and the Members of the City Council and to Create a New Section 5A of the City Charter to Require the Appointment of a Mayor and City Council Compensation Committee Every Four Years

SUPPORTING BACKGROUND:

On April 9, 2007, the Mayor and City Council approved a resolution establishing the Ad Hoc Mayor and City Council Compensation Review Committee (known as Compensation Committee).

On June 18, 2007, the Compensation Committee gave a presentation to the Mayor and City Council and highlighted their recommendations as follows:

- That the Mayor and City Council consider a Charter Amendment requiring the appointment of a Compensation Review Committee every four years.
- That the Mayor's salary be increased from \$12,500 per year to \$18,500 per year immediately after the City election in 2009.
- That the City Council's salary be increased to \$15,000 per year effective immediately after the City election in 2009.
- The Committee recommends a \$500 incremental salary increase for the Mayor and City Council during the "out-years" (2010, 2011, and 2012).
- That the Planning Commission's stipend be increased from \$1,500 per year to \$3,000 per year effective July 1, 2007.
- That the recommendations outlined above are discussed at a public forum or meeting prior to a decision being made by the Mayor and City Council.

For your review, I have also attached the Compensation Committee's final report (without enclosures). Please note that, if approved, none of the salary changes contained in the Charter Amendment would go into affect until after the November 2009 City Election.

On July 23, 2007, a public hearing was conducted, and there was no public comment. The record was held open until 5:00 PM on August 15, 2007, and no public comment was received.

DESIRED OUTCOME:

**Record closed at 5:00 PM on August 15, 2007.
Resolution is ready for final action.**

Final Report of the Ad Hoc Mayor and City Council
Compensation Review Compensation Committee
June 14, 2007

Background

On April 9, 2007 the Mayor and City Council approved a resolution establishing the Ad Hoc Mayor and City Council Compensation Review Committee (known as "Compensation Committee"). The resolution asked the Compensation Committee to "review information and data concerning the compensation of elected officials of other jurisdictions in the region and the work load of the Mayor and City Council, and to provide recommendations to the Mayor and City Council as to whether any adjustments are appropriate by June 30, 2007."

An Ad Hoc Compensation Committee appointed in June of 2004 reviewed this issue previously and provided a report to the Mayor and City Council in September of 2004. The key recommendations in 2004 were to increase the City Council's salary from \$6,000 to \$10,000 a year as new terms are created by City elections and to increase the Mayor's salary from \$7,500 a year to \$12,500 a year. While not included in its charge, the 2004 Ad Hoc Compensation Committee also recommended that the Planning Commission's stipend be increased from \$240 a year to \$1,500 per year effective July 1, 2005. The Mayor and City Council unanimously accepted the Compensation Committee's recommendation, and after a public hearing, a charter amendment to implement these recommendations was formally adopted on March 21, 2005.

Compensation Committee Process

Three of the four members of the Compensation Committee had served on the 2004 Compensation Committee and were very familiar with the issues. They were also familiar with the Mayor and Council's official responsibilities, ceremonial duties, and the informal and volunteer activities that the Mayor and Council undertake on behalf of the City. The Compensation Committee met on three separate occasions: May 9, May 16, and May 30, 2007, with a quorum present at each meeting. The meetings were noticed and open to the public. The minutes of each meeting were posted on the City's website as soon as practical after each meeting. No members of the public, except the press, attended any of the meetings.

In order to fulfill their charter the Compensation Committee reviewed and discussed the following documents:

1. The September 28, 2004 Compensation Report w/attachments developed by the previous Gaithersburg Compensation Committee

2. Salary Survey of Maryland Local Governments dated December 2006
3. City of Rockville Memorandum dated April 24, 2007
4. City of Rockville Compensation Commission Report dated March 30, 2007
5. Maryland Cities Comparative Table
6. Virginia Cities Comparative Table
7. FY04 Mayor and City Council Activities

The discussions of the Compensation Committee focused on four topics:

1. When future salary increases, if any, should go into effect
2. The amount of the salary increase
3. Inclusion of a stipend increase for the Planning Commission
4. How often such Compensation Committees should be established in the future

Timing of Future Salary Increases

State law prohibits a sitting Council from approving a salary increase for itself. In the past, increases went into effect subsequent to an election. Since Gaithersburg has staggered terms for its Council members it is typical that sitting Councils may have different salaries, e.g., currently three Council members receive \$6,000, while two receive \$10,000. The three Council members who are elected at the November 2007 election will receive \$10,000. To eliminate this discrepancy, it was suggested that any recommendations for salary adjustments the Compensation Committee recommends should all go into effect at the same time. As a result of the Compensation Committee's deliberations, it was proposed that the earliest this could be achieved would be subsequent to the November 2009 election in order to adhere to the State law.

Mayor and Council Salary Increases

The Compensation Committee reviewed several documents while deliberating the amount of salary increase that they would consider appropriate, if any. The documents were the reports from the City of Rockville (verified by Gaithersburg staff), compensation survey of jurisdictions from the Institute for Government Service and Research, salary comparative tables prepared by Gaithersburg City staff, and a survey of Mayor and City Council official activities and workload conducted in FY04. Though the Compensation Committee did not believe that Mayor and City Council duties have changed significantly since 2004, they requested that staff requests the Mayor and City Council verify that there were no changes to the listing. The Mayor and Council subsequently verified the list.

During their deliberations, the Compensation Committee noted that the position of Mayor of Gaithersburg is not full-time so that the salary should not be directly compared to cities with full-time Mayors, such as Frederick, Annapolis, and Baltimore City. The Compensation Committee did note that the salary of the Gaithersburg Mayor was significantly lower than comparable city jurisdictions such as Rockville, Ocean City, Laurel, and Hagerstown.

With respect to Council salary, the Compensation Committee noted that Gaithersburg Council members' salaries are significantly lower than Rockville, Frederick, Annapolis, Alexandria, and Manassas.

Based on these comparisons and knowledge of the Mayor and Council's activities, the Compensation Committee unanimously agreed that it was appropriate to recommend salary increases for the Mayor and City Council; however, they did not believe it was necessary to try to match other jurisdictions given the Gaithersburg Mayor and Council have been historically conservative when approving salary increases. The Compensation Committee realizes that Gaithersburg's elected officials did not choose to run for office for financial gain, but nonetheless believes that their compensation should be reasonably approximate to other similar jurisdictions.

The Compensation Committee ultimately voted to recommend that the Mayor's salary be increased from \$12,500 to \$18,500 and that the Council's salary be increased from \$10,000 to \$15,000 effective November 2009.

Further, the Compensation Committee believes that a limited incremental salary increase should be programmed to account for increased responsibilities, workload, comparability, and inflation. After some discussion about basing these increases on the Consumer Price Index, the Compensation Committee determined that a fixed increase of \$500 per year should go to the elected officials in 2010, 2011, and 2012, respectively. This would bring the salaries to \$20,000 for the Mayor and \$16,500 for Council members in 2012.

Planning Commission Stipend

The Compensation Committee noted that the 2004 Compensation Committee recommended an increase in the Planning Commission's stipend even though consideration of Planning Commission compensation was not included in their charge from the Mayor and City Council. The current Compensation Committee agreed that they would again review the Planning Commission stipend and provide a recommendation to the Mayor and Council, if they determine an adjustment is appropriate.

The Compensation Committee recognizes that the Planning Commissioners do not participate for financial gain but that they are vital to shaping the City's future

and are regularly asked to attend Mayor and City Council regular meetings and work sessions, in addition to their twice a month Planning Commission meetings. Additionally, the Compensation Committee noted that there is significant preparation time spent reviewing materials and visiting sites prior to their meetings and that they should receive recognition for their important role.

The Compensation Committee reviewed the "Planning Commission Compensation Survey of Local Jurisdictions as of May 16, 2007," and notes that Gaithersburg Planning Commissioners compensation is currently higher than most other municipalities in Maryland. However, they receive significantly less compensation than Montgomery County Planning Board Members and Leesburg, Virginia Planning Commissioners.

After discussion, the Compensation Committee voted to recommend that the Planning Commission's annual stipend be raised from \$1,500 to \$3,000 effective July 1, 2007. However, the Compensation Committee wants to stress that this recommendation is not based on comparisons with other jurisdictions but their vital role in the City.

Establishment of future Compensation Committees in Gaithersburg

Another key issue discussed was how often Mayor and City Council salaries should be re-examined. While the 2004 report suggested that a Compensation Committee should be appointed by the Mayor and City Council to review salaries every four years, the Mayor and Council only informally adopted the recommendation. The Compensation Committee believes that compensation for the Mayor and Council is sufficiently important to more formally adopt the recommendation. Therefore, this Compensation Committee now recommends that the Mayor and Council amend the City Charter to mandate the appointment of a Compensation Committee of this nature every four years so that future Compensation Committees can submit their compensation recommendations at least 180 days prior to the subsequent City election. Therefore, if the Charter amendment is enacted, the next Compensation Committee will be appointed in January of 2011.

Recommendations

The Compensation Committee is proposing what it believes to be reasonable salary adjustments in the hope that the Mayor and City Council will approve its recommendations as submitted.

Accordingly, the Compensation Committee unanimously recommends the following:

June 14, 2007

- That the Mayor's salary be increased from \$12,500 per year to \$18,500 per year effective after the November 2009 City election.
- That the City Council's salary be increased from \$10,000 per year to \$15,000 per year effective after the November 2009 City election.
- That the Mayor and City Council receive a \$500 incremental salary increase each year in November 2010, 2011, and 2012, respectively.
- That the Planning Commission's annual stipend be increased from \$1,500 per year to \$3,000 per year effective July 1, 2007.
- That the City Charter be amended to require the appointment of a Compensation Committee every four years, and that the Compensation Committee be required to submit its recommendations at least 180 days prior to the subsequent City election. If enacted, the next Compensation Committee would be appointed in January of 2011.

Respectfully submitted,

Yale Wiesberg, Chair
Burton Goldstein
Julius Persensky
Cathy Salgado

Enclosures

1. Gaithersburg Compensation Committee minutes dated May 9, 2007, May 16, 2007, and May 30, 2007
2. Salary Survey of Maryland Local Governments dated December 2006*
3. City of Rockville Memorandum dated April 24, 2007
4. City of Rockville Compensation Commission Report dated March 30, 2007
5. Maryland Cities Comparative Table
6. Virginia Cities Comparative Table
7. FY'04 Mayor and City Council Activities
8. Planning Commission Compensation Survey of Local Jurisdictions as of May 16, 2007

*Please note that the City of Gaithersburg was inadvertently not included in this survey.

RESOLUTION NO. _____

RESOLUTION OF THE MAYOR AND CITY COUNCIL
TO AMEND SECTION 5 AND SECTION 16 OF THE CITY CHARTER
TO INCREASE THE SALARY OF THE MAYOR AND THE MEMBERS
OF THE CITY COUNCIL AND TO CREATE A NEW SECTION 5A OF THE
CITY CHARTER TO REQUIRE THE APPOINTMENT OF A MAYOR AND CITY
COUNCIL COMPENSATION COMMITTEE EVERY FOUR YEARS

WHEREAS, the Mayor and City Council appointed an Ad Hoc Mayor and City Council Compensation Review Committee on April 9, 2007; and

WHEREAS, the Mayor and City Council Ad Hoc Compensation Review Committee thoroughly reviewed the compensation of elected officials in jurisdictions throughout Maryland and Virginia and found that the salaries of Gaithersburg's elected officials were significantly lower; and

WHEREAS, the Mayor and City Council Ad Hoc Compensation Review Committee has recommended that, after the November 2009 City election, the Mayor's salary be increased to \$18,500 per year and the City Council's salary be increased to \$15,000 per year;

WHEREAS, the Mayor and City Council Ad Hoc Compensation Review Committee has recommended that the Mayor and City Council members receive incremental salary increases of \$500 a year in November 2010, November 2011, and November 2012, respectively;

WHEREAS, the Mayor and City Council Ad Hoc Compensation Review Committee has recommended that the City Charter be amended to mandate the appointment of a Mayor and City Council Compensation Review Committee every four years:

NOW, THEREFORE, BE IT RESOLVED that Section 5A of the City Charter is hereby created, and Section 5 and Section 16 of the City Charter are hereby amended to read as follows:

Sec. 5. Salary of Members of the Gaithersburg City Council.

The members of the City Council for the City of Gaithersburg, Maryland, shall be paid an annual salary of Six Thousand Dollars (\$6,000.00), except as hereinafter provided. Council members elected to office in the calendar year 2005 shall receive an annual salary of Ten Thousand Dollars (\$10,000.00) for the term commencing November 2005. Council members elected to office in the calendar year 2007 shall receive an annual salary of Ten Thousand Dollars (\$10,000.00) for the term commencing in November of 2007. Effective November 2009, all City Council members shall receive an annual salary of Fifteen Thousand Dollars (\$15,000.00). Effective November 2010, all City Council members shall receive an annual salary of Fifteen Thousand Five Hundred Dollars (\$15,500). Effective

November 2011, all City Council members shall receive an annual salary of Sixteen Thousand Dollars (\$16,000). Effective November 2012, all City Council members shall receive an annual salary of Sixteen Thousand Five Hundred Dollars (\$16,500).

Sec. 5A. Periodic Review of Mayor and City Council Salaries.

In January of 2011, and in January of every fourth year thereafter, the Mayor shall appoint, with concurrence of the City Council, a committee to review the compensation and duties of the Mayor and City Council and to provide recommendations within 120 days whether any adjustments to the Mayor and City Council salary should be made as new terms are created by City elections. The Committee's recommendations shall be advisory in nature and the Mayor and City Council shall have the option of accepting, rejecting, or modifying any such recommendations.

Sec. 16. Same--Salary.

The Mayor shall be paid an annual salary of Twelve Thousand Five Hundred Dollars (\$12,500.00), except as hereinafter provided. The person elected to the office of Mayor in November of 2009 shall receive an annual salary of Eighteen Thousand Five Hundred Dollars (\$18,500.00). Effective November 2010, the Mayor shall receive an annual salary of Nineteen Thousand Dollars (\$19,000). Effective November 2011, the Mayor shall receive an annual salary of Nineteen Thousand Five Hundred Dollars (\$19,500). Effective November 2012, the Mayor shall receive an annual salary of Twenty Thousand Dollars (\$20,000).

ADOPTED by the City Council this 20th day of August, 2007.

SIDNEY A. KATZ, MAYOR and
President of the Council

THIS IS TO CERTIFY that the foregoing
Resolution was adopted by the City Council
in a public meeting assembled on the 20th
day of August, 2007.

David B. Humpton, City Manager